



# CHENI GOLD MINES INC.

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January 11, 1994.

Dr. K.M. Dawson,  
Geological Survey of Canada,  
Dept. of Energy Mines and Resources,  
2nd. Floor, Sun Building,  
100 West Pender St.,  
Vancouver, B.C.,  
V6B 1R8

**Re: Industrial Partners Program  
Proposed Toodoggone Study**

Dear Dr. Dawson:

It was a pleasure for Austin and I to meet with you and Dr. Kirkham yesterday to discuss how we might get together on an in-depth study of the mineral potential in the Toodoggone gold district of British Columbia. Although the area has been subjected to considerable mineral exploration over the past 15 years, I think we agree that this has had a relatively shallow focus with the near-surface epithermal gold systems being the primary target. With the recognition that the Kemess deposits at the south end of the district are gold-copper porphyry systems there has been renewed interest which has effectively brought a second wave of exploration into the Toodoggone. Thus, the district once again has the potential to be an important area of activity in the Province over the next few years.

As you are aware, **Cheni Gold Mines Inc.** is a Canadian Public Company which operated the Lawyers Gold-Silver Mine in the Toodoggone District over the period 1989 through 1992. A total of 671,133 short tons was produced to yield 168,201 oz of gold and 3,508,933 oz of silver. Economic reserves were mined out and the mill placed on a care and maintenance status in December of 1992. All the camp and infrastructure is still in place.

**Cheni** owns the Lawyers Property which consists of 39 claims and 2 Mining Leases totalling 9,975 ha, and the A1 Property which consists of 20 claims and 1 Mining Lease totalling 6,875 ha. Limited surface mining was carried out on the A1 Claims in 1991. Thus, the Company owns a total of 13,850 ha in the area.

I believe that there is a significant remaining mineral potential in the Toodoggone gold camp, and the ground controlled by **Cheni** has a wide range of strong indicators which suggest to us that there is a better than average chance for further discovery.

Although the potential for bonanza deposits of economic size is probably limited, the wide distribution of various alteration facies mixed with precious and base metal mineralization suggests an attractive potential for subsurface gold-copper porphyry systems and their related deposits. It is evident in the Toodoggone that the genetic model proposed by Sillitoe, and others, which relates hydrothermal precious metal mineralization to porphyry systems has a very valid application as a guiding principal for continued exploration in this gold camp.

As we discussed, I think the time is opportune to bring together all the available technical talent so that the most up to date ideas and technology can be applied to the project. As a result of our work in the area over the past 10 years we have a very large data base both in Vancouver and at the mine site, along with an extensive drill core library. We have begun a sorting and re-evaluation of data, particularly as pertains to the Al Claims north of the mine. It is our intention to carry on this work with the objective being to develop drill targets for a 1995-1996 follow-up program. I would look forward to the participation of the GSC within the Industrial Partners Program, and it is apparent that there can be a good mix of talent.

Cheni personnel presently active on the project include the writer and Mr. Austin Hitchins. Austin has been the Chief Mine Geologist over the operating life of the mine and thus has an intimate knowledge of details of the AGB, Cliff Ck, Duke's Ridge, and Phoenix orebodies. We would be able to work closely with mineralogists, geophysicists, and other specialists assigned to the study. Mr. Hitchins will continue with the project, as required, and the writer will be involved in a supervisory and evaluating capacity. The complete data base is of course available, as is the use of the camp facility and field infrastructure. Access roads will minimize, if not preclude, the use of helicopters, so that maximum dollar value can be obtained for expenditures. Our budget for 1994 will likely be in excess of \$50,000, including personnel time and support costs.

I submit these thoughts to confirm and summarize our meeting of January 10, 1994, and to indicate our strong interest in participating in the Industrial Partners Program.

Thank you for your efforts, and we look forward to your reply.

Sincerely,  
Cheni Gold Mines Inc.,



John S. Vincent, P.Eng.,  
Vice President, Exploration.